

YAKIMA SCHOOL DISTRICT No. 7
Yakima County, Washington
September 1, 1991 Through August 31, 1992

Schedule Of Findings

1. Payroll Charges To Federal Programs Should Comply With Federal Regulations

Our audit of the district's federal grant program PL 94-142B, 90-91, Part B, Education of the Handicapped Act, disclosed that the district improperly charged \$5,278.48 in payroll costs to the grant during fiscal year 1991-92.

The United States Office of Management and Budget (OMB) Circular A-87, *Cost Principles*, established standards for documentation and allowability of costs chargeable to federal grant programs. Among those standards are:

. . . Costs must be necessary and reasonable for proper and efficient administration of the grant program

This overcharge resulted from a clerical error made in a payroll adjustment for an employee whose duties were reassigned from grant related activities to nongrant activities.

We recommend that the district reimburse the U.S. Department of Education \$5,278.48 for the improperly charged payroll costs and improve its internal controls to ensure compliance with grant requirements.